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Memorandum for: DD/P(Admin)

Subject: Trust Territories

1. The House Appropriations Subcommittee considering the budget for the Interior Department disallowed the entire budget request of \$8,500,000 for the Trust Territories of the Pacific Islands, in view of the absence of organic legislation. They took this step as they felt in the absence of such legislation they were

"entirely without guide posts in evaluating the programs for which appropriations are being requested."

2. However, the Senate Appropriations Committee has inserted a provision for \$4,000,000 as an adequate amount to provide for a reasonable program. They have included a provision extending the succession of the Island Trading Company for a period of three years on the basis that the organization is vital to the economy of the Trust Territories and must continue until a successor is provided for that operation. The Senate Committee report states that

"it is the desire of the Committee that a complete study of the problems involved in the administration of the Trust Territories be made, with the view in mind of making such operation self-sustaining."

I am attaching herewith the Interior Department hearings before the Appropriations Committees, in so far as they apply to the Trust Territories.

Walter L. Pforzheimer  
Legislative Counsel

OGC/WLP:jps

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